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HARYANA GOVERNMENT

INFORMATION TECHNOLOGY, ELECTRONICS AND COMMUNICATION DEPARTMENT

Notification

The 8th June, 2020

No. Admn/337/ISIT/ 10996.— In supersession to the notification No. Admn/337/ISIT/9516 dated 19.08.2019 issued by this department under the provisions of Information Technology and Electronics System Design and Manufacturing (IT & ESDM) Policy, 2017 and pursuant to the notification No. 25/01/2020-4IB-I dated 08.01.2020 issued by the Industries and Commerce Department Haryana under the provisions of Chapter 12 of Enterprises Promotion Policy, 2015, the Governor of Haryana is pleased to notify the following revised schemes for the sectors covered under IT & ESDM Policy, 2017.

A. Definitions:

a. IT/ITeS(IT Industry) :

IT industry comprises IT Software and ITeS companies, AVGC, BPO, Call centres, Internet and E-mail Service Providers, E-commerce and EDI Services, Electronic Data centre Services, IT Education training and digital media and any other IT enabled service which results from the use of any IT system for realizing value addition. Further NASSCOM recommendation will be considered while evaluating the eligibility of the company before availing incentive.

b. ESDM Industry:

The entire value chain of all electronic verticals/ products covered under the National Policy on Electronics and related notifications issued by the Department of Electronics & Information Technology (DeitY), Ministry of Communication & Information Technology, Government of India and will also include computer system hardware, communication devices, electronic manufacturing services, strategic electronics and its components, industrial electronics, automotive electronics, telecom electronic equipment, information and broadcasting electronic equipment, medical electronics, electronic gaming and electronic toys, Nano electronics, Solar Photo Voltaic including thin film, polysilicon, industrial electronics, LEDs, embedded software of these.

The entire value chain will include designing, testing, manufacturing of electronic components and assemblies for Original Electronic Manufactures (OEMs).

c. AVGC Units:

Units engaged in carrying out at-least one or more of the below mentioned activities: -

I. Animation

Creation of moving images or movie using a series of drawings or photographs (2D animation) or through various software applications (3D animation).

II. Visual effects (VFX)

Process of creating imagery without a live shoot or enhancing a live shoot using various software applications to exhibit sequences which would not be otherwise feasible to shoot live.

III. Gaming

Electronic games that includes human interaction with a user interface to generate visual feedback on a device (2D, 3D, video, hand-held devices, mobile, virtual, console etc.).

IV. Comics

Visual medium defined to express ideas through a combination of text, sound and images. It can be in printed form and/or digital form.

Note: Units in job work of content editing of films / movies / serials cartoons which will be publicly broadcasted on movie halls / TV channels etc. will also eligible for AVGC incentives.

d. Anchor units

Units with investments at least INR 100 Cr. and setting up unit along with at least 5 vendor units coming in the same clusters shall be treated anchor unit.

e. Vendor units

Units which are located in the same cluster as Anchor unit and supply at-least 75% of its end product to the Anchor units.

f. Mega Projects:

Mega projects are the projects involving fixed capital investment (excluding land) of over INR 100 Cr. and above, or generating direct employment of more than 500 persons in the State.

g. Ultra Mega Projects:

Iconic Projects in IT/ ITeS and ESDM sector which bring in mega investments minimum of US\$ 1 billion (Rs. 6000 Cr.) on land area of minimum 500 acres and have a cascading impact on the local economy in particular and the State economy in general and generate huge employment opportunities.

h. Large, Micro, Small and Medium Enterprises (MSMEs)

As per the definition in the MSME Act, 2006 (as amended from time to time) of the Government of India.

i. Local employee

Any employee who holds a domicile of the State of Haryana shall be considered as a Local employee for the purpose of this policy.

j. Backward and Most backward regions

As prescribed vide Notification No. 49/43/2015 – 4IB1 dated 17.10.2017 under Haryana Enterprises Promotion Policy – 2015 (as amended from time to time).

k. IoT -Internet of Things

IoT is a seamless connected network system of embedded objects/devices, with identifiers, in which communication without any human intervention is possible using standard and interoperable communication protocols. IoT involves three stages:-

I. The sensors which collect data (including identification and addressing the sensor/device),

- II. A software application/ programme/ product which collects and analyses this data for further consolidation, and
- III. Decision making and the transmission of data to the decision making server, analytical engines, actuators and big data used for decision making process.

I. Fixed Capital Investment – FCI:

“New Fixed Capital Investment” for purposes of benefit means investment in –

- I. New construction
- II. Plant and machinery (including Generating Set), tools and equipment’s which have not been used before in India.

Note I – In case the unit is setup on leased land, the investment in new construction shall be included in fixed capital investment only if the land is on irrevocable lease for a minimum period of ten years from the date of commercial production.

Note II – Transfer of plant and machinery from the same or different unit anywhere else shall not be considered towards fixed capital investment of plant and machinery.

Note III – The entire fixed investment made before going into commercial production shall be considered while calculating eligible fixed capital investment for capping of benefit.

Note IV - For Special Package of Incentives approved by Haryana Enterprises Promotion Board (HEPB) in case of Mega Projects - The entire fixed investment made within 03 years from date of approval of Special package of incentives by HEPB in case of Mega Projects shall be considered while calculating Eligible Fixed Capital Investment for capping of benefit.

m. Blocks such as ‘A’, ‘B’, ‘C’, ‘D’

As notified by Industries & Commerce Department Haryana *vide* Notification No. 49/43/2015 – 4IB1 dated 17.10.2017 under Enterprises Promotion Policy – 2015 (as amended from time to time).

n. No CLU / Auto CLU Blocks

As notified in Haryana Enterprises Promotion Policy –2015 (as amended from time to time). This shall only be applicable for setting up of IT/ ITeS/ ESDM industrial units.

o. Transit Orientation Development – TOD:

Transit Orientation Development is essentially any development, macro or micro that is focused around a transit node and facilitates complete ease of access to the transit facility, thereby inducing people to prefer to walk and use public transport over personal mode of transport. (As defined by Town and Country Planning Department (as amended from time to time) by notification *vide* No.CCP(NCR)/TOD/2014/1826).

p. Net GST

Net SGST to be considered for reimbursement means that the eligible unit will be entitled to get reimbursement of SGST amount paid through cash ledger against the output liability of SGST on sale of eligible products. The eligible unit shall first have to utilize all the eligible **Input Tax Credit** (ITC) including eligible ITC of IGST available in its Credit Ledger, against the SGST output liability, before adjusting the SGST amount through Cash Ledger.

B. Eligibility Criteria:

- (a) Units for which any package of incentives has already been sanctioned under Enterprise Promotion Policy - 2015, shall not be eligible to avail benefits under IT & ESDM policy.
- (b) Units (except Startups) which will commence commercial production / operations post the date of notification of IT & ESDM policy will be eligible for availing of incentives under this Policy.
- (c) Units which invest 50% of existing investment in plant & machinery on expansion/technical upgradation (as per FCI definition) of existing units shall be eligible for incentives at par with new units.
- (d) The unit should have filed Udyog Aadhaar Memorandum/ Industrial Entrepreneur Memorandum.

- (e) The unit should not have been placed in the restrictive list as notified by the State government from time to time.
- (f) The unit should be in commercial production.
- (g) The unit should be in regular production at the time of disbursement and the subsidy shall not be released to the closed unit.
- (h) The unit should have obtained NOC/CLU from competent Authority, if applicable.
- (i) **Mother-Vendor unit linkages:** Vendor units will be treated at par with Anchor units for availing incentives under IT & ESDM Policy 2017, provided Vendor is located on the same earmarked land as Anchor unit and supplies 75% of its end product to Anchor unit. This benefit is only for ESDM – MSMEs.

C. Commencement and Applicability:

These schemes are applicable w.e.f. – 14.09.2017 and will remain in force till these are amended or superseded by the Government.

D. Submission and processing of Applications:

The applicants shall apply online on the portal of Industries & Commerce Department / HEPC. The application shall be examined and processed by the officials of the Industries & Commerce Department.

E. Competent Authority for sanction:

Managing Director, HARTRON shall be competent authority for approval and sanction of these incentives.

F. Time limit to apply:

The applicant shall apply within 03 months from the date of this notification or as defined in the notifications of the concerned schemes notified under Enterprises Promotion Policy - 2015, whichever is later.

G. Timelines for processing of applications (working days):

1. Time limit for approval in case where no deficiency is found – 30 days.
2. Time limit for approval in case where additional information is required – 45 days.
3. Time limit for conveying the deficiencies, if any and removal thereof:
 - (i) Joint Director/Deputy Director, DIC shall convey the deficiencies to the applicant unit – 10 days.
 - (ii) Time limit for removal of all deficiencies to the applicant unit – 15 days.
 - (iii) Notice period to the applicant unit before rejection of application – 07 days.

1. Stamp Duty:

1.1 Quantum of Assistance: -

- (i) IT/ITeS – These units shall be eligible for 100% reimbursement of stamp duty paid on sale/lease deeds paid on the first transaction for setting up units in notified IT Parks, IT Cities, Technology Parks/ STPIs or any land earmarked by the State Government for IT industry in 'A' category blocks. The units setting up in Block 'B', 'C', 'D' shall also be eligible for 100% reimbursement of Stamp duty.
- (ii) ESDM – These units shall be eligible for 100% reimbursement of stamp duty paid on sale / lease deeds paid on the first transaction for setting up units in notified EHTPs or land earmarked by the State Government for ESDM industry in 'A' category blocks.
ESDM units shall be eligible for 100% reimbursement of stamp duty paid on sale / lease deeds paid on the first transaction for setting up units in 'B', 'C', 'D' blocks.
- (iii) Development of Integrated IT Townships.
IT/ITeS Sector-The developer shall be eligible for exemption from payment of Stamp Duty/Registration Fee/Conversion Fee on purchase of land in accordance with the Governments prevailing policy as per the standing orders of the State Revenue Department on the subject.
- (iv) Development of Electronic Manufacturing Clusters
ESDM Sector-The developer shall be entitled to get 100% reimbursement of the stamp duty as well as registration fee paid by them to the Government of Haryana, towards lease/sale/transfer of land earmarked for electronics industry by the State Government from time to time.

1.2 Applicability: -

The units/ developers which/who have purchased the land or taken the land on lease/transfer on or after 14.09.2017 shall be admissible for the refund/ exemption of Stamp Duty/ Registration Fee/ Conversion Fee.

1.3 Procedure, Time Limit, Interpretation/Clarification, Appeal & Penal Action: -

As per provisions made under Notification No. 49/43/2015-4IB1 dated 12.07.2016 of Stamp Duty Refund Scheme notified under Enterprises Promotion Policy, 2015.

2 Electricity Duty Exemption:**2.1 Quantum of Assistance:**

IT/ITeS- The units throughout the state shall be entitled for 100% exemption for a period of 07 years from the date of release of electric connection.

ESDM - The units throughout the state shall be entitled for 100% exemption for a period of 07 years from the date of release of electric connection.

2.2 Applicability: -

The units which have gone into commercial production and obtained electric connection on or after 14.09.2017 shall be admissible.

2.3 Procedure, Time Limit, Interpretation/Clarification, Appeal & Penal Action:

As per provisions made under Notification No. 49/43/2015-4IB1 dated 18.04.2016 of Electricity Duty Exemption Scheme notified under Enterprises Promotion Policy, 2015.

3 SGST Reimbursement:**3.1 Quantum of Assistance:**

IT/ITeS-The units shall be entitled for 100% reimbursement (net SGST) for a period of 10 years subject to maximum of 100% of Fixed Capital Investment (FCI) for units setting up in 'C' & 'D' Blocks.

ESDM – The units shall be entitled for 100% reimbursement (net SGST) subject to maximum of 100% of Fixed Capital Investment (FCI) for a period of 5 years in 'A' category Blocks and for a period of 10 years in 'B', 'C' & 'D' Blocks.

3.2 Applicability

The units which have gone into commercial production on or after 14.09.2017 shall be admissible. The entire investment made up to date of commercial production shall be considered while working out eligible Fixed Capital Investment (FCI) (as per definition of FCI in section A point I. above).

3.3 Procedure, Time Limit, Interpretation/Clarification, Appeal, Penal Action and other criteria: -

As per provisions made under Notification. No. 25/01/2020-4IB-I dated 08.01.2020 of Investment Subsidy on VAT/SGST scheme notified under Enterprises Promotion Policy, 2015.

4 Interest Subsidy:**4.1 Quantum of Assistance:**

Interest Subsidy @6% for Micro, Small and Medium Enterprises (IT/ITeS/ ESDM/AVGC) on term loan or maximum up to INR 10 Lacs per year for 8 years across the State.

4.2 Applicability

The units to which term loan has been sanctioned on or after 14.09.2017 shall be admissible for interest subsidy.

4.3 Procedure, Time Limit, Interpretation/Clarification, Appeal & Penal Action: -

As per provisions made under Notification No. 49/43/2015-4IB1 dated -10-06-2016 of Interest Subsidy Scheme notified under Enterprises Promotion Policy, 2015.

5 Access to Finance (Credit Rating)**5.1 Quantum of Assistance:**

Credit Rating expenses exemption - Reimbursement of the expenses incurred towards the credit rating to the extent of 75% or maximum of INR 2 Lacs for Micro and Small enterprises carried out by the SIDBI/Govt. accredited credit rating agency.

5.2 Applicability

The units which have obtained credit rating certification on or after 14.09.2017 shall be admissible for reimbursement of credit rating expenses.

5.3 Procedure, Time Limit, Interpretation/Clarification, Appeal & Penal Action: -

As per provisions made under Notification No. 49/43/2015-4IB1 dated 18.04.2016 of Credit Rating Scheme notified under Enterprises Promotion Policy, 2015.

6 Technology Acquisition:**6.1 Quantum of Assistance:**

50% of cost of adopting technology from recognized National Institutes, maximum of INR 1 Cr. for Micro, Small and Medium Enterprises. The benefit can be availed only once in a period of three years.

6.2 Applicability

The units shall be admissible for assistance on acquisition of technology on or after 14.09.2017 under this scheme.

6.3 Procedure, Time Limit, Interpretation/Clarification, Appeal & Penal Action: -

As per provisions made under Notification No. 49/43/2015-4IB1 dated 18.04.2016 of Assistance for Technology Acquisition Scheme notified under Enterprises Promotion Policy, 2015.

7 Testing Equipment Assistance:**7.1 Quantum of Assistance:**

In order to ensure 'Zero Defect' in the quality of products to make globally competitive, the financial support of 50% as subsidy or maximum of Rs. 5 lac per year for the purchase of testing equipments shall be provided to Micro and Small Enterprises.

7.2 Applicability:

The units shall be admissible for assistance on the purchase of new testing equipment on or after 14.09.2017.

7.3 Procedure, Time Limit, Interpretation/Clarification, Appeal & Penal Action: -

As per provisions made under Notification No. 49/43/2015-4IB1 dated 29.01.2016 of Testing Equipment Assistance Scheme notified under Enterprises Promotion Policy, 2015.

8 Energy Audit Scheme:**8.1 Quantum of Assistance:**

75% reimbursement of cost of energy audit subject to maximum of INR 2 Lacs. Also 50% subsidy on cost of capital equipment required for undertaking measures to conserve energy, subject to maximum of INR 20 Lacs. This benefit shall be only for ESDM – MSMEs.

8.2 Applicability:

The units which have undertaken energy audit and purchased equipment on or after 14.09.2017 shall be eligible under this scheme. The units must also comply with the following conditions-

- I. The units shall only get financial assistance if Energy Audit has been done by an Energy Auditor certified by the Bureau of Energy Efficiency (BEE).
- II. The assistance on cost of capital equipment will be provided only if, there has been at least 15% reduction in average monthly electricity consumption compared with average of previous 12 months before conducting of audit.

- III. Investments in new plant, machinery and equipment's focussed towards enhancing energy efficiency shall only be eligible for subsidy under this scheme.
- IV. Even after taking all steps as mentioned above for efficient use of energy, if actual electricity consumption is increasing due to increase in production then such claim will be examined separately by a committee to be constituted by the Director Industries & Commerce.

8.3 Procedure, Time Limit, Interpretation/Clarification, Appeal & Penal Action: -

As per provisions made under Notification No. 49/43/2015-4IB1 dated 29.01.2016 of Energy Audit Scheme notified under Enterprises Promotion Policy, 2015.

9 Water Audit Scheme:

9.1 Quantum of Assistance:

75% reimbursement of cost of water audit subject to maximum of INR 1 Lacs. Also, subsidy up to 50% or maximum of INR 20 Lacs on the cost of capital equipment required for Water Conservation/Harvesting System. This benefit is only for ESDM – MSMEs.

9.2 Applicability:

The units which have undertaken water audit and purchased equipment's on or after 14.09.2017 shall be eligible under this scheme. The units must also comply with the following conditions-

- I. The units shall only get financial assistance if Water Audit has been done by an ISO certified agency.
- II. The assistance on cost of capital equipment's shall be provided only if there has been at least 25% reduction in the water consumption of average monthly consumption of previous 12 months before conducting of audit.
- III. Even after taking all steps as mentioned above for efficient use of water, if consumption is increasing due to increase in production then such claim will be examined separately by a committee to be constituted by the Director Industries & Commerce.
- IV. Investments in new plant, machinery and equipment's focussed towards enhancing water conservation shall only be eligible for subsidy under this scheme.

9.3 Procedure, Time Limit, Interpretation/Clarification, Appeal & Penal Action: -

As per provisions made under Notification No. 49/43/2015-4IB1 dated 27-04-2016 of Water Audit Scheme notified under Enterprises Promotion Policy, 2015.

10 Safety Audit Scheme:

10.1 Quantum of Assistance:

75% reimbursement of expenses incurred on safety audit subject to maximum of INR 1 Lac. Also 50% subsidy on cost of capital equipment required for undertaking safety measures, subject to maximum of INR 5 Lacs. This benefit is only for ESDM – MSMEs.

10.2 Applicability:

The units which have undertaken safety audit and purchased equipment's on or after 14.09.2017 shall be eligible under this scheme. The units must also comply with the following conditions:-

- I. The units shall only get financial assistance if Safety Audit has been done by an ISO certified agency.
- II. Investments in new plant, machinery and equipment's focussed towards enhancing safety shall only be eligible for subsidy under this scheme.

10.3 Procedure, Time Limit, Interpretation/Clarification, Appeal & Penal Action: -

As per provisions made under Notification No. 49/43/2015-4IB1 dated 18.04.2016 of Safety Audit Scheme notified under Enterprises Promotion Policy, 2015.

11 Business Development Support (Market Development Assistance):

11.1 Quantum of Assistance:

- (a) **Business Development Support:** Government will encourage the MSMEs to participate in various national and international events, exhibitions and conferences to enhance awareness and exposure to leading business practices.

- I. **For exhibitions within the country** -complete reimbursement of participation charges for space of maximum size up to 9 sq. m. per year.

II. **For international fairs** - 75% space charges, shipment of exhibits, cost of product literature, display material or maximum up to INR 5 Lacs and air fare by economy class up to INR 1 Lacs per year.

(b) **Assistance in Participation of Fair/Exhibition:** Assistance to Industry Associations of MSMEs for participation in International Trade Fair as Haryana Pavilion outside India @50% of total rent and subject to a maximum limit of INR 10 Lacs.

11.2 Applicability: -

Any unit located in the State of Haryana shall be admissible and shall be eligible for the assistance in respect of participation in the exhibition/conference on or after 14.09.2017.

11.3 Procedure, Time Limit, Interpretation/Clarification, Appeal & Penal Action: -

As per provisions made under Notification No. 49/43/2015-4IB1 dated 24.08.2017 of Market Development Assistance Scheme notified under Enterprises Promotion Policy, 2015.

12 Patent Fee Reimbursement:

12.1 Quantum of Assistance:

50 % assistance in cost of filing of patent subject to the maximum limit of INR 10 Lacs for domestic patents awarded and INR 25 Lacs for international patent awarded. This benefit is only for IT/ITeS/ESDM/AVGC - MSMEs.

12.2 Applicability: -

The units which have acquired patent registration on or after 14.09.2017 shall be eligible under this scheme.

12.3 Procedure, Time Limit, Interpretation/Clarification, Appeal & Penal Action: -

As per provisions made under Notification No. 49/43/2015-4IB1 dated 18.04.2016 of Patent Fee Registration /Reimbursement Scheme notified under Enterprises Promotion Policy, 2015.

13 Quality Certification Fee Reimbursement:

13.1 Quantum of Assistance:

- a. **IT/ITeS/ESDM (MSME)**-50% reimbursement of cost of quality certification fee within the overall ceiling of INR 6 Lacs in 5 years (with maximum of 3 industry standard quality certifications).
- b. **AVGC** - Refund of certification charges: All AVGC Export Oriented Units (EOUs) will get refund of expenses incurred for compulsory marking like Conformity European (CE), China Compulsory Certificate (CCC) to the extent of 50% expenses subject to maximum of 2 Lacs per unit.

13.2 Applicability: -

The assistance to the units shall be admissible on obtaining quality certification like ISO/CMM on or after 14.09.2017 under this scheme.

13.3 Procedure, Time Limit, Interpretation/Clarification, Appeal & Penal Action: -

As per provisions made under Notification No. 49/43/2015-4IB1 dated 18.04.2016 of Quality Certification Assistance Scheme notified under Enterprises Promotion Policy, 2015.

14 Awards for Outstanding Contribution:

14.1 Quantum of Assistance:

Outstanding Entrepreneurship State Awards shall be provided to Micro and Small Enterprises of Rs. 3 Lacs each separately for growth in production and profit, for innovation and development of new products, quality products and lean manufacturing techniques in ESDM sector. The unit once selected for award shall not be considered again during next 5 years.

14.2 Eligibility Criteria, Procedure and Composition of Selection Committees: -

As per provisions made under Notification No. 49/43/2015-4IB1 dated 14.06.2016 of MSME State Award Scheme for outstanding entrepreneur notified under Enterprises Promotion Policy, 2015.

15 Employment Generation Subsidy:**15.1 Quantum of Assistance:**

IT/ITeS- The industrial units setting up in 'C' & 'D' blocks shall be eligible for employment generation subsidy of INR 36,000 per year per employee for a period 5 years for capacity building of persons (Skilled/semi-skilled) belonging to Haryana State.

ESDM—The industrial units setting up in 'B', 'C' & 'D' blocks shall be eligible for employment generation subsidy of INR 36,000 per year per employee for a period 5 years for capacity building of persons (Skilled/semi-skilled) belonging to Haryana.

15.2 Applicability: -

The industrial unit which has gone into commercial production on or after 14.09.2017 shall be eligible under the scheme. The unit shall be eligible for subsidy only in respect of direct employment.

15.3 Procedure, Time Limit, Interpretation/Clarification, Appeal & Penal Action: -

As per provisions made under Notification No. 49/43/2015-4IB1 dated 10.06.2016 of Employment Generation Subsidy Scheme notified under Enterprises Promotion Policy, 2015.

16 Head of Expenditure

The expenditure shall be met under the scheme i.e. "2851-Village and Small Industries-102-Small Scale Industries- [65] Incentives for Development of Industries under new Enterprises Promotion Policy 2015-(11)- Subsidies".

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Information Technology, Electronics and Communication Department.